

JOZINI MUNICIPALITY



SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

(S D B I P)

2008/2009 BUDGET YEAR

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Introduction

Section 1 of the Municipal Finance Management Act (No.56 of 2003) defines the SDBIP as:

“A detailed plan approved by the mayor of a municipality in terms of section 53

(1)© (ii) For implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

- (a) Projections for each monthly of-
 - (i) Revenue to be collected, by source; and
 - (ii) Operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter.

The municipal manager is responsible for the preparation of the SDBIP, which must be legally submitted to the mayor for approval once the budget has been approved by the council (around end-May or early-June).

However, the municipal manager should start the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around March or earlier) and preferably submit a draft SDBIP to the mayor by 1 May (for initial approval). Once the budget is approved by the Council, the municipal manager should merely revise the approved draft SDBIP, and submit for final approval within 14 days after the approval of the budget. The mayor should therefore approve the final SDBIP and performance agreement of the municipal manager public within 14 days, preferably before 1 July. Note that it is only the top layer (of high-level) detail of the SDBIP that is required to be made public.

It is the output and goals made public in the SDBIP that will be used to measure performance on a quarterly basis during the financial year. Note that such in-year monitoring is meant to be a light form of monitoring. The council should reserve its oversight role over performance at the end of the financial year, when the mayor tables the annual report of the municipality. The in-year monitoring is designed to pick up major problems only, and aimed at ensuring that the mayor and municipal manager are taking corrective steps when any unanticipated problems arise. The SDBIP serves a critical role to focus both the administration and council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councilors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnership, service contracts and the like.

The SDBIP concept

Municipal managers are encouraged to develop the SDBIP concept further so that it is meaningful and useful to managers. Many municipal managers will already have some form of management plan and the challenge is to develop such management plans as a SDBIP.

Whilst the budget sets yearly service delivery and budget targets (revenue and expenditure per vote), it is imperative that in-year mechanisms are able to measure performance and progress on a continuous basis. Hence, the end-of-year targets must be based on quarterly and monthly targets, and the municipal manager must ensure that the budget is built around quarterly and monthly information. Being a start-of-year planning and target tool, the SDBIP gives meaning to both in-year reporting in terms of section 71 (monthly reporting), section 72 (mid-year report) and end-of-year annual reports.

The SDBIP is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used. The SDBIP indicates the responsibilities and outputs for each of the senior managers in the top management team, the inputs to be used, and the time deadlines for each output. The SDBIP will therefore determine the performance agreements of the municipal manager and senior managers, including the outputs and deadlines for which they will be held responsible. The SDBIP should also provide all expenditure information ((for capital projects and services) per municipal ward, so that each output can be broken down per ward, where this is possible, to support ward councilors in service delivery information.

The SDBIP is also a vital monitoring tool for the mayor and council to monitor in-year performance of the municipal manager and for the municipal manager to monitor the performance of all managers in the municipality within the financial year. This enables the mayor and the municipal manager to be pro-active and take remedial steps in the event of poor performance. The SDBIP aims to ensure that managers are problem-solvers, who routinely look out for unanticipated problems and resolve them as soon as possible.

The SDBIP also enables the council to monitor the performance of the municipality against quarterly targets on service delivery.

Being a management and implementation plan (and not a policy proposal), the SDBIP is not required to be approved by the council; it is however tabled before council and made public for information and for the purpose of monitoring. The SDBIP should be seen as a dynamic document that may (at lower layers of the plan) be continually revised by the municipal manager and other top managers, as actual performance after each month or quarter is taken into account. However, the top-layer of the SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes in the service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustment budget (section 54(1)(c) of MFMA). This council approval is necessary to ensure that the mayor of municipal manager do not revise service delivery targets downwards in the event where there is poor performance.

Timing and Methodology for Preparation of the SDBIP

Section 69 (3)(a) of the MFMA requires the accounting officer to submit a draft SDBIP to the mayor no later than 14 days after the approval of the budget and drafts to the performance agreement as required in terms of the section 57 (1)(b) of the municipal Systems Act. The mayor in accordance with section 53(1) (c) (ii) of the MFMA.

These are legal requirements and deadlines limits to assist a municipality to comply with the law-however, best practice suggests that this be done earlier by municipalities, starting with senior managers to draw up their second layer departmental SDBIPs in the early stages of the planning and budget preparation process in line with the strategic direction set in the IDP. The mayor and municipal manager should lead this process.

The municipality should ideally publish its draft SDBIP with its draft budget, or soon after as supporting documentation to assist its budget hearings process normally held at the end of March or in April. As noted above, the SDBIP should be submitted to the mayor by 1 May at the latest. If the draft SDBIP is to be provided for the budget hearings, the municipality may want to bring this date forward, or provide departmental SDBIPs as supporting information to the relevant committee around the end of March. In this case, the mayor will need to approve such departmental of draft SDBIP by mid-March. It should be noted that it is up to the municipality to determine extra detail, ad whether they wish to bring forward their deadlines for submission and approval. A municipality could also opt to have a high level SDBIP complete with ward break-downs for tabling and publication, but may also in addition make available lower layer departmental SDBIPs and other information as requested by council.

With careful planning of the budget process it may be possible for the mayor to approve the SDBIP on less than 7 days after the council approves the budget. Legally, to take into account of possible revisions to the budget, the Act allows for this to occur not later than 28 days after budget approval.

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through section 71 monthly reports, and evaluated through the annual report process.

Monthly Projections of Revenue by Source
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Monthly Projections by Source	July 2008 R'000	Aug 2008 R'000	Sept 2008 R'000	Oct 2008 R'000	Nov 2008 R'000	Dec 2008 R'000	Jan 2009 R'000	Feb 2009 R'000	March 2009 R'000	April 2009 R'000	May 2009 R'000	June 2009 R'000
Equitable Share	9,668,667				9,668,667				9,668,667			
Finance Management Grant			500,000									
Municipal Infrastructure Grant												
Municipal Systems Infrastructure Grant												
MAP												
Small Town Regeneration Grant												
Ingwavuma Sportsfield Grant												
Refuse Removal												
Rates												
Discount Received												
Miscellaneous												
Tender Monies												
Rent Received												
Fines & Penalties												
Sale of documents / Sundry Income												
Current & General												
Investments												
Penalties (Late Payments)												
Collection Charges												
Total Revenue By Source (Balanced to Cash Flow)	9,668,667	-	500,000	-	9,668,667	-	-	-	9,668,667	-	-	-

Monthly Projections of Revenue & Expenditure by Vote
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	July			August			September			October			November			December		
	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000
Expenditure and Revenue by Vote																		
Department - Municipal Managers Office																		
Vote: Executive & Council	713		2,859	713	25		713			713			713		2,859	713		
Department - Chief Financial Officer																		
Vote: Finance & Administration (Finance)	242		308	242	100	76	242		243	242	367	76	242		229	242		243
Vote: Treasury & Budget Office	74		679	74			74		500	74			74		295	74		
Department - Corporate Services																		
Vote: Finance & Administration (HR, IT, etc)	326		1,337	326	50		326		100	326			326		1,264	326		
Department - Planning & Development																		
Vote: Planning & Development	191		712	191			191		150	191			191		712	191	150	150
Department - Technical Services																		
Vote: Technical Services	122	1,597	180	122	1,436		122	1,225		122	900		122	2,856	2,448	122	2,300	2,268
Vote: Project Consolidate	41			41			41			41			41			41		
Department - Community Services																		
Vote: Community & Social Services	398		1,613	398	60		398			398			398		1,613	398		
Vote: Sports & Recreation																		
Vote: Housing																		
Vote: Public Safety	73		50	73	275		73			73			73		50	73		
Vote: Health																		
Vote: Waste Management	339		779	339			339			339			339		779	339		
Total By Vote	2,519	1,597	8,517	2,519	1,946	76	2,519	1,225	993	2,519	1,267	76	2,519	2,856	10,249	2,519	2,450	2,661

Monthly Projections of Revenue & Expenditure by Vote

	January			February			March			April			May			June		
	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000
Expenditure and Revenue by Vote																		
Department - Municipal Managers Office																		
Vote: Executive & Council	713			713		2,859	713			713			713			713		
Department - Chief Financial Officer																		
Vote: Finance & Administration (Finance)	242	367	76	242		229	242		76	242		76	242		76	242		76
Vote: Treasury & Budget Office	74			74		295	74			74			74			74		
Department - Corporate Services																		
Vote: Finance & Administration (HR, IT, etc)				326		1,264	326			326			326			326		
Department - Planning & Development																		
Vote: Planning & Development	191			191		712	191			191			191			191		
Department - Technical Services																		
Vote: Technical Services	122	2,856	2268	122		180	122	1,356	2,268	122			122			122		
Vote: Project Consolidate	41		3,695	41			41			41			41			41		
Department - Community Services																		
Vote: Community & Social Services	398			398		1,613	398			398			398			398		
Vote: Sports & Recreation																		
Vote: Housing																		
Vote: Public Safety	73			73		50	73			73			73			73		
Vote: Health																		
Vote: Waste Management	339			339		779	339			339			339			339		
Total By Vote	2,193	3,223	6,039	2,519	-	7,981	2,519	1,356	2,344	2,519	-	76	2,519	-	76	2,519	-	76

National KPA: Good Governance and Public Participation													
1. Procedures for community participation processes are adhered to	IDP	No. of Community meetings	17	4		4		4			5		
	Budget	No. of Community meetings	4	1		1		1			1		
2. Regular communication with communities on the achievement of targets set out in IDPs is carried out.	IDP & Budget Roadshows		1					1					
3. Functioning of ward committees directly supported where applicable	Minutes of Ward Committee Meetings		136	34		34		34			34		
	Reports of Ward Committees to Council		136	34		34		34			34		
4. Build Relationship with organised business, labour and civil society	Minutes of Meetings		4	1		1		1			1		
5. Financial and performance audit committee established and functional.	Fincial Audit committee		2	1							1		
	Performance Audit Committee		4	1		1		1			1		
	2 Audit committee Reports to Council		2	1							1		
6. Functioning of the Internal Audit	Internal Audit Reports		3								3		
	Management responses to internal audit findings												
7. Mechanisms to ensure disclosure of financial interest in place													
Councillors	Declaration register functional		2	1				1					
Municipal Staff	Declaration register functional		2	1				1					
Service Providers	Declaration register functional		2	1				1					
7. An effective communication strategy to promote good corporative governance													
	Communication Strategy in place and appr		1	1									
9. Unqualified audit report achieved and maintained.													
	Unqualified audit report		1										
10. Community satisfaction surveys conducted													
	Community Satisfaction Survey Report		1			1							
11. Staff Meetings	Manco Meetings		12	3		3		3			3		
	Staff Meetings		4	1		1		1			1		
1. Mayoral Office													

Report on implementation of budget	Submit quarterly report to Council	4	1						
Performance indicators in S D B I P	Made Public in July 2008	1	1						
Performance agreements in S D B I P	Made Public in July 2008	1	1						
Time schedule of key deadlines for budget & IDP Process	Tabled in August 2008	1	1						
Mid year performance assessment report	Tabled in January 2009	1							
Adjustment budget	Tabled in January 2009	1							
Annual Report	Tabled in January 2009	1							
Draft budget, revisions to IDP, resolutions and other related documents	Tabled in March 2009	1							
Issues realised in Auditors-General report	Addressed in March 2009	1							
Consultation on draft budget	No. of Meetings in April 2009	3							
Responds to submission of community Service Delivery and Budget Implementation Plan	Amends budget in May 2009	1							
	Approve in June 2009	1							
<u>2. Municipal Manager</u>									
Monthly budget statements to Mayor and PT	No. of statements	12	3						
Monthly budget statements and mid-year budget and performance assessment	Consolidate in July 2008	1	1						
Consolidated report of withdrawals	Table quarterly	4	1						
Report to council on expenditure incurred on staff salaries, wages, allowances and benefits	Submit quarterly to Council	4	1						
Time schedule of key deadlines for budget and IDP process	Made Public in August 2007	1	1						
Annual financial statements to Auditor-General	Submit end of August 2007	1	1						
IDP consultation processes	Start in August 2007	3	2						
Internal strategic Consultation processes	Begin in September 2007	6	3						
Engages with national and provincial sector depts on sector specific programmes for alignment with IDP	Begin in September 2007	4	4						
Impact of different service delivery levels on rates & tariffs	Inform community in Oct 2007	1							
National policies, budget plans and potential price increases of bulk resources	Review with dept heds in Oct 2007	1							
Changes to the IDP for incorporation into IDP review	Review in November 2007	1							

Vote / Indicator	Unit of Measurement	Annual Target	Revised Target	Quarter Ending September								
				Projected								
<u>Municipal Manager (continued)</u>												
Mid year performance assessment report to Mayor, NT and PT	Submit in January 2008	1										
Annual report	Made Public in January 2008	1										
Annual report to AG, PT and DTLGA	Submit in January 2008	1										
National & Provincial allocations	Review in January 2008	1										
Draft budget and plans for next 3 years to Mayor	Submit in February 2008	1										
Oversight report of annual report	Made public in March 2008	1										
Draft budget, plans and proposed revisions to IDP	Publish in March 2008	1										
Approved SDBIP and annual performance agreements to Mayor	Publish in June 2008	1										
Draft SDBIP and annual performance agreement to Mayor	Submit in June 2008	1										
Approved SDBIP to National Treasury	Submit in June 2008	1										
Vote / Indicator	Unit of Measurement	Annual Target	Revised Target	Quarter Ending September	Quarter Ending December	Quarter Ending March	Quarter Ending June	Explanation of Variations				
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
<u>Department - Corporate Services</u>												
<u>1. Vote: Finance & Administration</u>												
<u>1.1 Administration</u>												
Compilation Agendas & Minutes	No. of Agendas and Minutes	236		59	59	59		59				
Enquiries and complaints	No. of replies	54		12	12	12		12				
Performance Management System	PMS Assessments	4		1	1	1		1				
Municipal Website	No. of upgrades	12		3	3	3		3				
Workplace Skills Development	Submit WSP Report by June 2010	1						1				
Job Evaluation	Completed by 29 April 2010	1						1				
Draft 2010/2011 budget	Submit in March 2010	1				1						
Draft 2010/2011 budget	Published in April 2010 & website	1						1				
Draft SDBIP	Submit in March 2010	1				1						
Approved 2010/2011 budget	Published in June 2010	1						1				
Performance agreements and SDBIP	Made Public in July 2010	1		1								

		Annual Target	Revised Target	Quarter Ending September	Quarter Ending December	Quarter Endin March	Quarter Ending June			
Vote / Indicator	Unit of Measurement			Projected	Actual	Projected	Actual	Projected	Actual	Explanation of Variations
<u>Department - Community Services</u>										
<u>Manager - Corporate Services</u>										
<u>1. Vote: Finance & Administration</u>										
Compilation Agenda & Minutes	No. of Agendas and Minutes	144		36		36		36		
Enquiries and complaints	No. of replies	100		25		25		25		
Performance Management Assessments	PMS Assessments by June 2010	4		1		1		1		
Draft 2010/2011 budget	Submit in March 2010	1				1				
Draft S D B I P	Submit in March 2010	1				1				
<u>2. Vote: Public Safety</u>										
<u>2.1 Traffic</u>										
Road Blocks	No. of Road Blocks	20		6		6		6		2
Road Signs	No. of signs	50		12		12		13		13
Road Markings	No. of kilometers	10		0.5		0.5		6		4
Crime Consultative Meetings	No. of meetings	20				8		4		8
<u>2.2 Disaster Management</u>										
Disaster management plan	Finalise before September 2010	1		1						
<u>3. Vote: Community & Social Services</u>										
Sports Development	No. of events	3		2				1		
Cultural Development	No. of events	2		1				1		
H I V Relief	No. of assistance rendered	5		2				1		2
Youth Development Programmes	No. of programmes	10		4				3		3
Poverty Alleviation Projects	No. of Projects	17				9		8		

Vote / Indicator	Unit of Measurement	Annual Target	Revised Target	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
<u>Community Services (Continued)</u>												
<u>5. Vote: Health</u>												
<u>5.1. Public Health</u>												
Legalising of dump sites	No. of dump sites legalised	5						5				
Legalising of cemeteries	No. of cemeteries legalised	5						5				

[illegible]

CASH FLOW (BUDGET): 2007/2008

	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTALS
Bank balance	6,458,176	12,772,182	10,675,310	9,456,149	6,602,604	12,919,060	11,249,515	8,793,970	14,608,425	12,519,881	10,431,336	8,342,791	6,458,176
SOURCES INFLOW													
Property Rates	82,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	995,000
Refuse Tariffs	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	1,740,000
Subsidies & Grants	10,002,000	1,938,000	2,094,000	502,000	11,261,000	2,869,000	2,856,000	7,903,000	1,356,000	-	-	-	40,781,000
Other	201,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	2,423,000
Investment withdrawn													
TOTAL INFLOW	10,430,000	2,368,000	2,524,000	932,000	11,691,000	3,299,000	3,286,000	8,333,000	1,786,000	430,000	430,000	430,000	45,939,000
CASH OUTFLOW													
Salaries, wages & allowances	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	1,527,520	18,330,240
Project Payments				900,000		950,000							1,850,000
Other	991,024	1,501,025	991,025	1,358,025	991,025	991,025	1,358,025	991,025	991,025	991,025	991,025	991,025	13,136,297
Payment of Creditors (MIG)	1,597,450	1,436,327	1,224,616		2,856,000	1,500,000	2,856,000		1,356,000				12,826,393
Investment made													
TOTAL OUTFLOW	4,115,994	4,464,872	3,743,161	3,785,545	5,374,545	4,968,545	5,741,545	2,518,545	3,874,545	2,518,545	2,518,545	2,518,545	46,142,930
Bank balance	12,772,182	10,675,310	9,456,149	6,602,604	12,919,060	11,249,515	8,793,970	14,608,425	12,519,881	10,431,336	8,342,791	6,254,246	6,254,246

CAPITAL ESTIMATES - CASHFLOW

SUMMARY	ESTIMATES	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
EXECUTIVE & COUNCIL												
Furniture & Equipment	12,500		12,500									12,500
Computers	12,500		12,500									12,500
												-
CORPORATE SERVICES												
Computers	20,000		20,000									20,000
Furniture & Equipment	30,000		30,000									30,000
COMMUNITY & SOCIAL SERVICES												
Computers	30,000		30,000									30,000
Furniture & Equipment	30,000		30,000									30,000
PUBLIC SAFETY												
Computers	20,000		20,000									20,000
Vehicles	100,000		100,000									100,000
Laser Speed	70,000		70,000									70,000
Firearms	30,000		30,000									30,000
Trailer	30,000		30,000									30,000
Camera	25,000		25,000									25,000
FINANCIAL SERVICES												
Computers	45,000		45,000									45,000
Furniture & Equipment	55,000		55,000									
Municipal Systems Improvement Grant	734,000				367,000			367,000				734,000
PLANNING & DEVELOPMENT												
Cemeteries	150,000						150,000					150,000
TECHNICAL SERVICES												
MIG Projects - 2007/2008	17,084,786					2,856,000	1,500,000	2,856,000		1,356,000		8,568,000
MIG Projects - Carry over - 2006/2007	4,258,393	1,597,450	1,436,327	1,224,616								4,258,393
Area 17 Water Project	3,013,579	-	-	-	900,000	-	800,000					1,700,000
Furniture & Equipment	45,000											-
Computers	25,000											-
	25,820,758	1,597,450	1,946,327	1,224,616	1,267,000	2,856,000	2,450,000	3,223,000	-	1,356,000	-	15,865,393